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ADDRESS OF HON. JOHN J. ESCH, CHAIRMAN, COMMITTEE ON
INTERSTATE AND FOREIGN COMMERCE, UNITED STATES
HOUSE OF REPRESENTATIVES.

Mr. Chairman, Ladies and Gentlemen:

A writer to secure local color for a story visited a fishing village on Long Island Sound last winter and inquired of a group in an inn what they did during the long winter months when their fishing grounds were frozen over; one of them replied, "Well, sir, we just sit and think, and sometimes only sit."

In the critical days of 1917, shortly after the war was declared, there was a man in Baltimore of large affairs and holder of railroad securities who sat and thought that the time had arrived when owners of securities of carriers should organize for the purpose of mutual protection. His thoughts translated into action resulted in a conference held at Baltimore, May 23, 1917, attended by 500 representatives of savings banks, life insurance companies, estates, colleges and investing institutions generally, with aggregate holdings of railroad securities of two billions of dollars.

Under the guidance, zeal and industry of the man from Baltimore, this conference developed into a National Association of Owners of Railroad Securities, incorporated, well officered and with a committee representing all parts of the country. During the period of Federal Control the work of organization was vigorously prosecuted. The list of members increased and a legislative program to meet the situation when Federal Control should end was, after much study and consultation, formulated. The leading object of the Association was "to protect and stabilize the securities of the carriers of the country." This was to be done by providing a fixed percentage return of not less than 6 per cent on the aggregate property investment in the railroads as a whole, with a division of earnings in excess of 6 per cent.

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There was a strong and determined opposition from most of the leading railroad executives; there was opposition in the press; there was opposition in both Houses of Congress. The executives proposed a statutory rule of rate making which specified the items which the Interstate Commerce Commission must take into consideration in determining the justness and reasonableness of rates. They feared that a fixed percentage return inserted in the law would make it a football of politics.

Undaunted by such a formidable array, the President of the Association and his associates sought the ablest counsel and the co-operation of other organizations. The Transportation Conference as representative of the United States Chamber of Commerce favored the fixed percentage return, as did Judge Prouty, Director General Hines, and Chairman Clark, of the Interstate Commerce Commission. But Congress was the final arbiter. To persuade it to adopt the plan of a fixed percentage return the President of the Association had prepared and presented to the House Committee on Interstate and Foreign Commerce one of the most remarkable memorials ever offered to Congress. The signers represented 19½ billions of dollars, or 70 per cent of the resources of financial institutions in the fifty-six largest cities of the United States. They represented 5,000 savings banks, life insurance, fire, marine, and surety companies, national and state banks and trust companies. They represented other fiduciary institutions such as estates and individual investors to the number of 8,189. They represented 1,600 business organizations such as boards of trade, chambers of commerce, and business firms with a membership of over 30,000. They represented over nine million savings depositors and twenty-three millions of policy holders. Fortified by such backing, the President of the Association made a forceful appeal not only to the Committees of the Senate and House, but also to the entire Congress and to the country. The bill as passed by the House contained a statutory rule of rate making. The Senate adopted the plan of a fixed percentage return. After a struggle of many weeks in conference, the latter was incorporated in the Transportation Act of 1920. Who is this man who for three

years, without pay, has devoted his energies and most of his time, in the face of opposition and difficulties which would have discouraged most men, "to protect and stabilize the securities of the carriers of the country," held directly or indirectly by fifty millions of our people? He is the man from Baltimore, President of the National Association of Owners of Railroad Securities, the honor guest of the evening—S. Davies Warfield.

The Transportation Act

The railroads were taken over by the President January 1, 1918, under a clause contained in the Army Appropriation Bill enacted in 1916. The scope and limitations of the President's authority in connection with such taking over were defined in the Federal Control Act, approved March 21, 1918. Federal Control, continuing for a period of twenty-six months, was terminated by the Transportation Act on March 1st of this year. Between our declaration of war, April 6, 1917, and the beginning of Federal Control, January 1, 1918, the railroad executives, through their War Board, sought to meet the enormously increased demands for transportation necessitated by the war, by combining the leading roads into a national system for purposes of unified operation. While much was accomplished, legal obstacles in the form of the Sherman Anti-Trust Law, failure of some of the trunk lines to co-operate, and the indiscriminate issuance of priority orders by various government officials, prevented the increase in the quantity and efficiency of the service which the President and his advisers deemed necessary to win the war. He, therefore, took over the roads, and Congress enacted the Federal Control Act to enable him to operate them.

Under Federal operation, revolutionary changes were made in the matter of regulations, financing and administration. Many of these changes, such as withdrawal of trains, re-routing, preference in shipment to essential or war industries, gave rise to widespread inconvenience, suffered, however, uncomplainingly by our people, while the war was still on. With the signing of the armistice November 11, 1918, and cessation of war production, a popular

demand arose for a speedy termination of Federal Control and a restoration of the roads to private operation, a demand largely augmented by the fact that the roads as and while operated by the Government, were failing to earn the standard return guaranteed under the Federal Control Act, by more than a million dollars a day, a deficit which had to be made good out of the Federal treasury.

The President, conscious of this demand, declared in a message to Congress early in 1919, that he would, under authority granted to him by the Federal Control Act, return the roads to their owners on January 1, 1920. He did not advise Congress as to the terms and conditions of such return; in fact, he frankly stated that as to the solution of the grave and complicated problems arising out of Federal Control, he had no confident judgment of his own. The appropriate Committees of Senate and House, and Congress itself, therefore, worked out their own solution as now embodied in the Transportation Act.

Perhaps to no Congress has a more difficult, complicated or important piece of legislation ever been submitted. Its consideration extended over a period of many months, hundreds of witnesses were heard, and thousands of pages of testimony and exhibits were presented. After four months devoted to hearings and consideration of numerous plans and suggested amendments, the House passed its bill November 17, 1919. The Senate passed the Cummins bill December 19th. Two days later both bills were sent to conference. Owing to the wide and radical differences between the bills on highly important matters, it was impossible for the conferees to get action on a conference report by January 1, 1920, the date fixed originally by the President for the return of the roads. The President, therefore, changed the date to March 1, 1920. After eight weeks of continuous and strenuous effort, the conferees reported and the bill was approved February 28th.

The Transportation Act is not based upon government ownership. Outside of advocates of the Plumb Plan, there was little or no sentiment in Congress in its favor. While there were some advocates of an extension of Federal Control, they secured little support in Congress. The adjustment of financial relations between the Govern-

ment and the carriers even after twenty-six months of Federal Control, has proven so complicated that were control to continue two years longer, the situation would have become so scrambled as to make solution impossible. This would have compelled government ownership or made it highly probable.

The framers of the Act decided it was wisest to build upon the existing Interstate Commerce Act, whose foundations were tried and well laid, instead of building a structure entirely new. It would have been fatal to have returned the roads without legislation, which made it possible for them to meet the new conditions consequent upon the war.

Railroad Credit

The primary duty imposed upon Congress was to restore or re-establish credit which would enable the roads to supply themselves with the equipment necessary to handle the traffic promptly and economically and provide the additions and betterments during the reconstruction period. Experts declared that at least 250,000 more freight cars, 9,000 more passenger cars, 4,000 more locomotives, with proportionate enlargements of other facilities, were needed to do the business of the country as it ought to be done. But the added equipment and facilities at current prices would mean an investment of over \$600,000,000 during the year of 1920. We, therefore, were presented with the problem of returning the roads to their owners under such conditions as would enable them to borrow or otherwise secure \$600,000,000 of new money and compel its expenditure for new equipment and facilities and for next year to borrow or secure one billion dollars for like purposes, and at least an equal amount for subsequent years. We knew that at the end of Federal Control, the roads, except a few of the strongest, could not finance themselves, that maturities for this year and succeeding years amounting to hundreds of millions of dollars had to be met if roads were to be kept out of the receiver's hands, that sales of stocks was impossible and further issues of bonds invited disaster.

How the Problem Was Met

The Transportation Act seeks to solve the problem as follows:

First. It refunds the indebtedness of the carriers to the Government, with certain offsets, over a period of ten years, with interest at 6 per cent per annum.

Second. It extends the guaranty of the standard return for a period of six months after March 1st.

Third. It provided a revolving fund of \$300,000,000 out of which loans can be made to the roads at 6 per cent per annum for periods not exceeding fifteen years.

Fourth. It establishes a rule of rate making under which the Interstate Commerce Commission is to so adjust rates as to yield a net income of not less than 5½ per cent upon the value of the property rendering the service, considered as a whole, this rule to continue for two years, after March 1, 1920, and thereafter the Commission to fix the rate of return. It is further provided that any road earning more than 6 per cent shall divide such excess with the Government.

Section 422 of the Transportation Act

This last provision is contained in Section 422 of the Transportation Act and was believed to be necessary to enable the roads to secure the money and the credit required to purchase additional equipment and betterments at lowest possible rates and take care of the present and immediately prospective wants of transportation. With the roads again under private operation and the guaranty of the standard return withdrawn, there must be proper encouragement given to the investing public if the carriers are to obtain the necessary funds to provide the additions, betterments and extensions required by an expanding commerce. The public cannot be compelled, but must be induced to invest. Stabilizing the credit of the carriers is a strong and necessary inducement. A public utility which has its income controlled through the regulation of its rates and its expenses, especially wages, also fixed by

governmental authority, is entitled, upon moral if not legal grounds, to fair and just treatment.

Section 422 of the Act, which provides for a fair return upon the aggregate value of the property of the carriers held and used in the service of transportation, established a new principle in rate making and supplants the former rule which gave the Interstate Commerce Commission as its sole rule or standard the direction that rates must be "just and reasonable." Under this section the Commission must value the railroads as a whole or by territories and then so adjust the rates that they will yield as a fair return $5\frac{1}{2}$ per cent upon the aggregate value and may allow an additional one-half per cent for improvements, betterments or equipment chargeable to capital account. This section has given rise to most of the opposition to the Act and has been wilfully misrepresented as to its purpose and effect. It is charged that this section guarantees $5\frac{1}{2}$ per cent and a possible 6 per cent return on eight billions of watered stock. As the amount of stock outstanding January 1, 1918, amounted to nine billion dollars, this would mean that practically all the stock was water, which is absurd.

Few roads, as they stand today, are over-capitalized. The truth is that the fair return is not based upon capitalization at all, but upon aggregate value, and this value as determined by the Commission in its decision made public July 31st, is \$18,900,000,000, which is \$1,140-572,611 less than the amount as claimed by the carriers, and over a billion less than the capitalization.

The Commission with its record of the financial history of every road, with its knowledge of their receipts and expenditures and the data already presented to it by its Valuation Board, can be trusted to determine the aggregate value which will be just to all interests. When the Valuation Board shall finish its work, the valuation it fixes will thereafter become the basis.

Return Not a Guaranty

It is further charged that the 6 per cent return is a guaranty, that every railroad shall receive this amount.

This is absolutely unwarranted. The return is based on the aggregate value of the roads taken country-wide or by territories. Few roads would share of the total valuation. Some would earn 1 per cent, 2 per cent, or 3 per cent, some may not earn their operating expenses. It will be left to each road to earn what it can, and through initiative, economy, efficiency and foresight to increase its earnings. There is, therefore, no guaranty, as the Government does not make good to any road the difference between what it earns less than 6 per cent and 6 per cent.

On the contrary, the Government will gain a half of any excess over the 6 per cent and can use this excess in loans to weak roads at 6 per cent interest or in providing equipment to be leased to roads at a rental which will produce 6 per cent on the value of such equipment. Strong roads earning more than 6 per cent strongly protested against this division of an excess and questioned its constitutionality but the framers of the Act are confident it will be sustained should a test be made in the courts.

That the new rule of rate making is not a guaranty is further evident from the fact that "In performing its duties the Commission must estimate for a future period the volume of traffic and the cost of maintenance and operation, and these uncertain elements necessarily remove the provisions from the field of a government guaranty." To give assurance that there will be an excess to be divided and that all earnings will not be recklessly expended, Section 422 provides that management should be "honest, efficient and economical" and that expenditures for maintenance of way, structures and equipment be "reasonable."

The plan of dividing the excess over 6 per cent unless all roads are under a common control or ownership, is the only one which will prevent some roads earning excessive profits, as rates must be uniform and the same between competitive points.

The principle embodied in the Transportation Act, fixing rates so as to provide a maximum rate of return on the value of the property, is found in statutes of several of the states regulating public utilities. Legislative bodies cannot confiscate private property. The Courts will protect

such property and when used in the public interest will see that it gets a fair return. Instead of leaving such fair return to be dependent upon the just and reasonable rates which the Commission is to fix, Congress itself established what in its judgment it considered to be fair, in the Transportation Act, for the two years ending March 1, 1922.

Opponents of Section 422 of the Act, which rehabilitates railroad credit and enables the roads to again become self-sustaining and capable of rendering the service demanded by the people, and bridges the critical period of reconstruction, offer no alternative of a constructive or sufficing character other than government ownership or the Plumb Plan.

The Plumb Plan

The Plumb Plan involves government ownership, but goes much farther by requiring operation by the employees. This is more than socialism. It smacks of Sovietism. The American people do not want government ownership. Both Republican and Democratic platforms are against it. This is no time to add to the twenty-six billions of our present indebtedness, the billions that will be necessary to buy the roads. Our tax burdens are already too heavy. To add two million employees to the government list is a situation which should cause grave forebodings.

A study of government-owned railroads in other countries shows higher costs, higher rates and poorer service than we have had under private ownership. The maxim holds good that "public waste is more than private profit." Conservative and farsighted labor leaders are not in favor of government ownership, much less the Plumb Plan. Samuel Gompers, head of the American Federation of Labor, bitterly opposed government ownership of railroads in the annual convention of the Federation held in Montreal, Canada, last June.

Plumb contends that the Government ought to purchase the roads for twelve billions. He favors the elimination of capital represented by stocks. The courts, under the Constitution, will not sustain his contention. The people object to authorizing a board to run the roads, consisting

of ten employees and only five representing the public. It objects to such board fixing the wages which all of the people must pay through freight and passenger rates. The Plumb Plan provides for a distribution of the surplus, if any, but leaves the payment of deficits to fall upon the public treasury.

Extensions and Abandonments

Hereafter, under the Act, no carrier by railroad can undertake the extension of its line of railroad or the construction of a new line unless and until it obtains from the Commission a certificate that the present or future convenience and necessity require or will require the construction or operation, or construction and operation of such additional or extended line of railroad. Nor shall there be any abandonment of any existing line without securing a like certificate.

This provision follows statutes in Wisconsin, New York and other states, and is designed to prevent unwise extensions of existing lines and construction of new ones. Construction of a parallel line often makes of the existing line a "weak sister." Where a single line could be made to do all the business, the additional line imposes upon the public the burden of sustaining two weak lines, with poor service. The same is true in a measure with reference to the building of many branch and short lines. Where communities are served by a road, it should not be permitted to be abandoned without a full opportunity for all parties interested to be heard before a competent and impartial tribunal.

Stock and Bond Control

One of the most important provisions of the new Act is contained in Section 439, giving the Commission authority to pass upon issue of notes with a maturity in excess of two years. In 1910, 1914, and 1916 the House of Representatives passed bills having the above purpose, but failed to become a law. Public sentiment has been so developed since 1910 that practically no objection was raised to this section during the consideration of the

Transportation Act. The country heartily approves of giving the Commission such control over the issues of securities as will stabilize them and prevent their exploitation. It is confidently believed that the scrutiny of such issues will beget a greater confidence in them on the part of the investing public. Had such legislation been on the statute books during the last ten years, stockholders and the general public could not have been afflicted with such financial fiascoes as presented by the Frisco, the Rock Island, the Pere Marquette, the New Haven and others.

Consolidations

The war has taught the value of consolidations and combinations under proper regulation and control. The Act authorizes the Commission to prepare a plan for the grouping or consolidation of the many railroad systems of the United States into a limited number of large competing systems of approximately equal strength. It is contemplated to gradually bring together the railroads into a few systems so that these systems can "employ uniform rates in the movement of competitive traffic and under efficient management earn substantially the same rate of return upon the value of their respective railway properties."

The carrying out of this plan will enable the Commission to solve the problem of the "weak sisters," improve service, and eliminate whatever of over-capitalization there may be in the constituent roads making up the consolidation.

Car Service

The Act amends the Car Service Act of May, 1917, by extending its scope and enlarging the powers of the Commission. Every carrier by railroad is required to furnish safe and adequate car service. In cases of shortage of equipment, congestion of traffic, or other emergency, the Commission can make such just and reasonable directions with reference to car service, without regard to ownership, as in its opinion will best promote the service in the interest of the public and the commerce of the people. It can also require the joint or common use of terminals upon reasonable terms. It can also give directions for prefer-

ence or priority in transportation, embargoes, or movement of traffic under permits. It will thus be seen that the Transportation Act retains the benefits which Federal Control demonstrated. These new powers in the Commission are now being given practical application through recent orders relating to the coal situation. The authority granted is ample to meet emergency conditions and were it nor for car shortage and recent labor troubles relief could be immediate.

It may be of interest to know what has been accomplished since March 1st in relieving congestion and car shortage by the Interstate Commerce Commission in the exercise of the powers granted over car service by the Transportation Act.

Those dissatisfied with the results of private operation during the last nine months under the new Act, should remember that the business offered the railroads has materially exceeded their capacity because: First. The volume of business has greatly outgrown the railroads with reference to terminals, trackage, cars, locomotives, and other equipment. Second. Crowded to the limit with war use, the railroads were returned to their owners suffering from under-maintenance. Third. The outbreak of unlawful strikes in April at various gateways paralyzed traffic for weeks. To overcome these obstacles and supply the demands of commerce increased by a great crop, engaged the immediate and earnest attention of the railroad executives and the Interstate Commerce Commission. Whatever of success they have attained is largely due to the cordial and ready co-operation of shippers and the general public.

On March 1st, when Federal Control ended, there were 105,000 cars which could not be currently handled. On April 16th, after two weeks of unlawful striking, the number had increased to 288,000. The situation proved so serious that the Commission on May 20th, issued Service Order No. 1, under which the carriers were directed to forward traffic to destination by the most expeditious and available routes, without regard to routing orders, specified by the shippers, or ownership of cars. The Car Service Division of the American Railroad Association co-

operated with the Commission and with the shippers so successfully that on September 17th the car accumulation had been reduced to 47,438. This reduction of congestion has enabled the roads to cancel or modify many of their embargoes and thus still further ease the situation.

Car shortage still remains the most pressing need of transportation. There is no mystery about the existing car shortage. It began in 1916 and prior to our entrance into the war our car shops were manufacturing cars for the use of countries which afterwards became our allies. All our energies upon our entrance into the war and during its continuance were directed to war production. During the twenty-six months of Federal Control, only 100,000 freight cars and 1,900 locomotives were ordered, whereas our annual output of cars prior to 1917 was over 100,000 and about 80,000 were annually scrapped.

During January and February, the last two months under Federal Control, the average daily car shortage was about 80,000. The average for the week ending September 1st was 146,070, but this had been reduced for the week ending September 17th to 96,114. This indicates that still greater efforts must be put forth if further reductions are to be obtained. Not much relief can be expected from new car production for the current year. From January 1st to August 1st, 50,275 freight cars were on order but undelivered. The new rate increases which did not become effective until August 26th, will increase orders and stimulate production.

More Production Program

In July the Association of Railroad Executives met at Chicago and resolved that all of its members and other carriers be urged: "To devote their utmost energies to the more intensive use of existing equipment and as definite aims undertake, with the co-operation of the public, to attain:

"1. An average daily minimum movement of freight cars of not less than 30 miles per day;

"2. An average loading of 30 tons per car;

"3. Reduction of bad order cars to a maximum of 4 per cent of total owned;

"4. An early and substantial reduction in the number of locomotives now unfit for service, and

"5. More effective efforts to bring about the return of cars to the owner roads."

As the country's business could not wait for new cars and locomotives, immediate, and, in fact, the only relief lay in the more effective use of equipment already in use. It may interest you to know of the progress that has been made as a result of this "More Production" program, aided by service orders of the Commission.

A car movement of 30 miles per day for the country as a whole has never yet been attained. The significance of speeding up is made clear when it is understood that an increase of one mile per day for the 2,500,000 freight cars in the United States is equivalent to adding 100,000 cars to the available equipment. For May of this year, the average movement of a freight car was 24.1 miles, for June 25, for July 25.7, for September 28.4, a gratifying increase. In July of last year it was only 21.3, or 4.4 less than for July of this year, or an equivalent of 410,403 cars.

As to the second aim of the Railway Executives to increase the average loading of cars to 30 tons, much attention has been given, with good results. "The tons per car (revenue and non-revenue) for the year 1917 were 27. For 1918, when the patriotic appeal was very strong, the railroads, with the splendid co-operation of the shippers, were able to show an average of 29.1, but for 1919, the loading dropped to 27.8 tons. The figures for January, February and March this year, were 28.3 tons in each case, while for April the loading was 28.6, May 28.3, June 29 tons, and October 29.6." This shows that the high-water mark of the peak year, 1918, had been exceeded in October of this year. Already a number of roads have reached and some of them have passed the goal fixed by the executives. An average of only one ton per each loaded car would be equivalent to the addition of 80,000 new cars to the available supply.

As to the third aim, reduction of bad order cars to a maximum of 4 per cent of total owned, little progress has

thus far been made, due to a lack of repair workers and materials. When Federal Control began, of the 2,260,000 freight cars 5.7 per cent, or 120,780 cars, were reported in bad order. At the end of the Federal Control, of the 2,362,000 freight cars, 6.7 per cent, or 153,727 cars were in bad order. There has been little change since. Every 1 per cent improvement in the bad-order car situation means an addition of about 25,000 cars to the available supply.

As to the reduction of the number of locomotives now unfit for service, no statistics are available.

As to the fifth aim of bringing about the return of cars to owner roads, continued progress is shown. Prior to the war, from 50 per cent to 60 per cent of freight cars were on the lines owning them. During the war, cars were widely scattered so that when Federal Control ended March 1st of this year, only 21.9 per cent were on their home lines. On October 1st, due to orders of the Commission and efforts of the carriers, the number had been increased to 30 per cent and further increases are expected. An important result of getting cars back to their own rails lies in the fact that they will be more thoroughly and promptly repaired.

Notwithstanding the fact that the business offered for transportation exceeds the ability of the carriers to handle it promptly, a tremendous volume of business has been moving since Federal Control ended. For the four weeks ended August 28th, there were more cars loaded than for the corresponding periods in 1919 and the peak year, 1918. This may have been due to the fact that shippers sought to load prior to the advance in rates effective August 26th, and yet records for the four weeks ending September 25th are only slightly less than for the four weeks in August of this year and are almost equal to the corresponding period in the peak year, 1918. In fact, in the week ended September 25th, 994,687 cars were loaded with commercial freight, which almost equals the best weekly record made in 1918 under the stress of war need. A reduction of only 55,000 loads in September, as compared with August, would indicate that the increase in rates in August had but a slight effect in reducing the volume of business.

Last year 70,000 grain cars were stored in the West in anticipation of the harvest of that year. This year it was impossible to store any. To meet this situation, the Commission under Service Order No. 2, of May 20th, directed the movement of cars from surplus territory in the East to deficit territory in the West. Relocation and equalization orders of the Car Service Division of the American Railroad Association further aided this movement so that some 90,000 box cars were delivered and more were to follow. From January 1st to the end of August of this year, 1,271,878 cars of grain and grain products were loaded, the largest number during the last five years, except 1918, and only 10,000 less than for that year. In spite of this showing, from January 1st to September 18th, there were 158,764 less cars of grain loaded than for the corresponding period of 1919, which indicates that increased efforts would have to be made to take care of the grain movement for the balance of the year.

The statistics I have used to indicate the progress made in administering the car service section of the Transportation Act have been supplied to me by Secretary McGinty of the Interstate Commerce Commission and Julius H. Parmelee, Director of the Bureau of Railway Economics. They may, therefore, be taken as official.

Adjustment of Labor Disputes

Title III of the Act provides for the adjustment of labor disputes. Credit and sufficient equipment will not provide efficient transportation without labor. Satisfied labor is necessary to insure efficient service. All concede that railroad employees should have good wages and working conditions and reasonable hours. The problem was how these could best be secured keeping in mind the interests of the owners and the general public. The Act creates a Railway Labor Board of nine members, appointed by the President and confirmed by the Senate, three to represent the employees, three the owners, and three the public. Some organizations objected to having the public represented on the Board. As the public pays the bills, in the last analysis Congress gave it equal repre-

sentation with the employees and the owners. The Board is the final arbiter and in all cases relating to wages or salaries, five out of the nine members must concur in the decision and at least one of the five must be a representative of the public. There is no anti-strike provision, no compulsion. The decisions are rendered effective through force of public opinion and public opinion is as a rule more effective than decrees of courts or the acts of legislatures.

In Conclusion

The Transportation Act can be made a success only through the hearty co-operation of all interests affected. Private ownership is now on trial; if it fails, government ownership may have to be the only alternative. The railroad owners under the Act have been given fair and reasonable terms. They must now work out their own salvation. If any fail to realize the changed conditions and still insist on playing the part of Bourbons, an aroused public sentiment will push them aside. Self-interest, rivalries and prejudice must yield to an earnest desire to serve the general good. With increased rates the public will demand improved service. To insure it in fullest degree there must be team work. The public must lend its aid and offer during these critical days of reconstruction the most hearty co-operation.

The Transportation Act is entitled to a fair trial. It is not a perfect measure. Some of its salient features are the result of compromise of the conflicting views of Senate and House, but as a whole it is a constructive measure of great and far-reaching importance. As its different provisions are enforced, its scope and beneficent purpose will become more and more apparent. Its success will largely depend upon the manner in which it is administered by the Commission. The country has confidence in the integrity and ability of the members of the Commission and looks to them with confidence.



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